

Souvenir

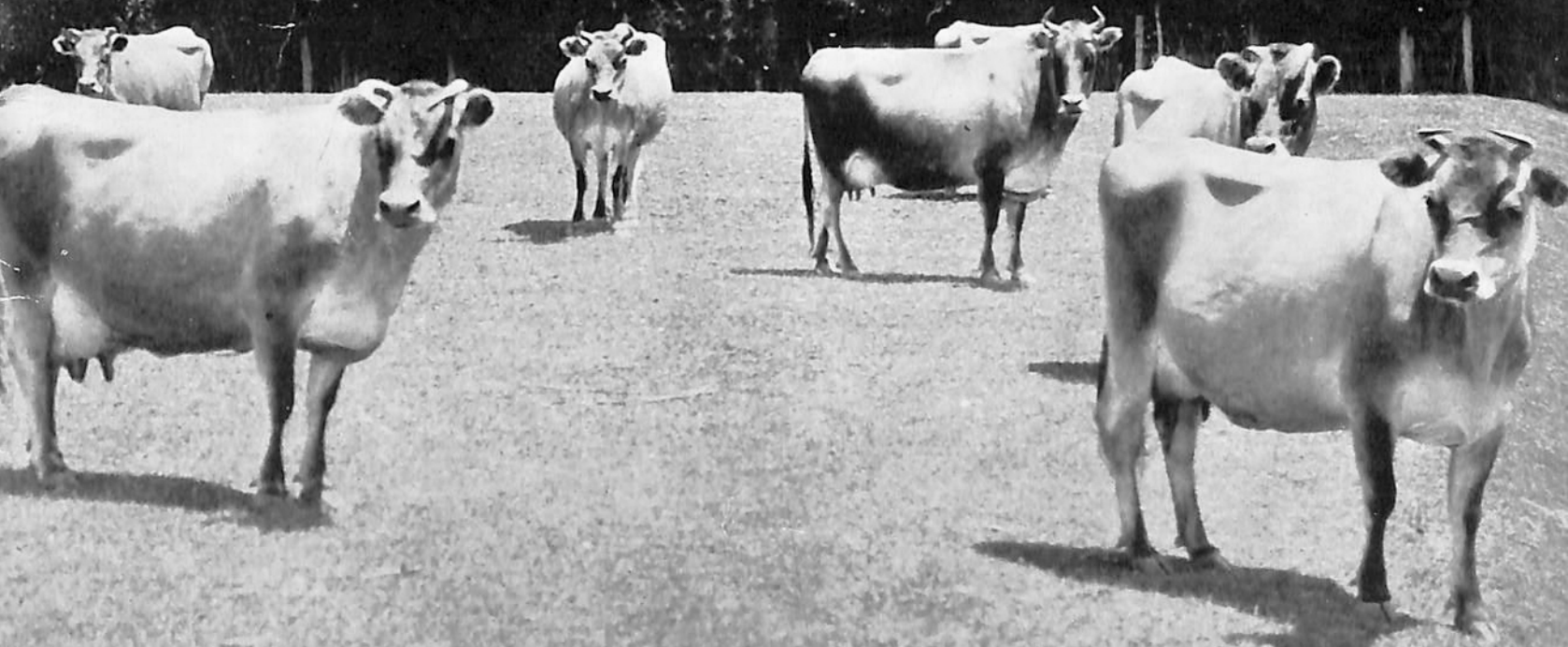
GOLDEN JUBILEE

1892

HERETAUNGA

1942

CO-OP DAIRY CO. LTD.

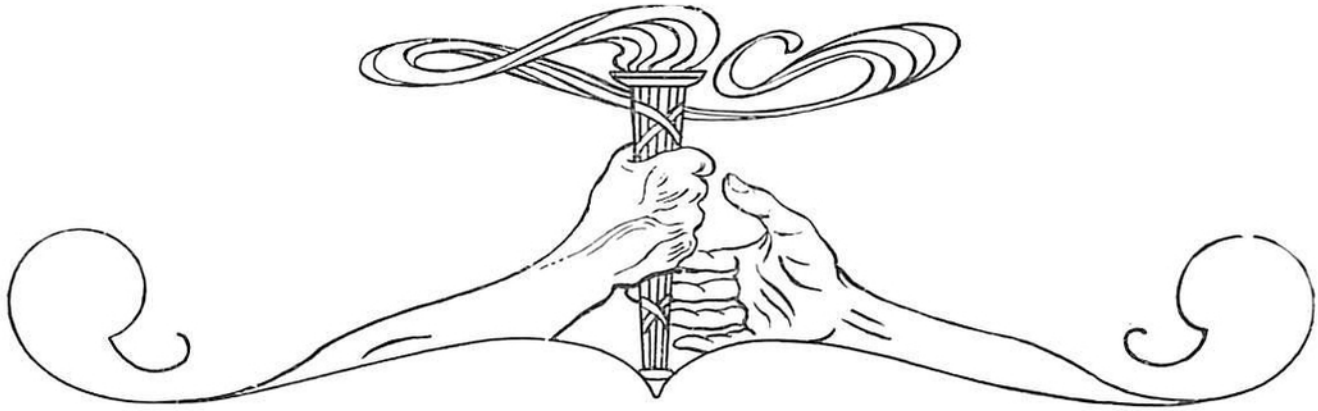




C. A. FITZROY.
Chairman of Directors 1892.



D. G. BEGLEY.
Chairman of Directors 1942.



"Life, to be worthy of a rational beginning, must be always in progression; we must always purpose to do more or better than in time past."

FIFTY YEARS OF PROGRESS

It is with feelings of pride that we look back over the fifty years of our Company's operations and meditate upon the wonderful work of all the old pioneers who did their part nobly and well. In this I do not refer to Directors and Executives alone, but to all those farmers who shouldered their obligation of both supply and financial responsibility.

In those early days dairy farming was not as easy nor as pleasant as it is to-day, assisted as we are by all the modern machinery and appliances that the progress of engineering ingenuity and science have produced for our benefit. Likewise, the very necessary deductions for shares from the low ruling values for butterfat meant the facing of sacrifice and hardship far beyond any sacrifice we in more recent years have been called upon to undertake.

In the last twenty years we have been very fortunate inasmuch that we enjoyed a return for butterfat double and even treble that obtaining during the first twenty or twenty-five years of the Company's existence. These attractive prices, plus the introduction of farm separation, up-to-date milking machines, and motor lorry collection of cream, rendered dairying easier and more profitable. In consequence, rapid expansion of the industry took place.

In the post-war boom values of dairy produce land speculation became rife to such a degree that the benefits arising from higher values were to some extent cancelled out. The introduction of lorry collection of cream so greatly enlarged the scope in which factories could conveniently and economically operate, that it became increasingly apparent that factories situated in close proximity to each other were to some degree uneconomic. To correct this problem the Executive Commission of Agriculture, under the Chairmanship of Sir Francis Frazer, was appointed to make a detailed survey of the industry in various parts of New Zealand, and many Dairy Companies were forced to either amalgamate or be purchased by their neighbouring factories. It is worthy of note that we in Hawke's Bay had corrected this position some years before the appointment of the Commission, by the purchase of the Waipukurau Co-op. Dairy Company, and of the Hawke's Bay Dairy Company, then in liquidation, which hitherto had operated at Clive. Following the purchase of these two companies satisfactory boundary arrangements were mutually agreed upon with our neighbouring factories, the Norsewood Co-op. Dairy Co. Ltd. in the south, and the Wairoa Co-op. Dairy Co. Ltd. on the northern side.

Simultaneously with the purchase referred to above came the colossal drop in the world's markets of butter and other produce. This placed our Company in the unfortunate position of having overpaid our suppliers to the extent of about £30,000. Faced as we were with a slump of almost unequalled severity, the Directors realised that to impose a demand upon individual suppliers for immediate readjustment of the amount overpaid would create conditions of undue hardship. Consequently, decision to spread this burden of readjustment over a period of four or five years was very wisely adopted. However unfortunate it might have been regarded that the Company and its suppliers had to face such a colossal financial obligation during the slump years, we can now look back with satisfaction and pride to the fact that all these and other commitments have been met in full, and to-day every single asset the Company possesses in buildings, plant, land or any other kind whatsoever, stands absolutely free from debt.

In addition to this, very substantial financial reserves progressively built up over the years have been set aside, and our Company from an administrative and financial viewpoint stands in a very sound position. All this has been achieved by the application and pursuance of the principles of co-operation, and down through the years all have played their part in a manner that has materially contributed to the achievement of such magnificent results. To all Directors I have been privileged to be associated with during my twelve years as Chairman, I must pay the highest tribute. One and all have filled their positions of trust and responsibility with credit and distinction to themselves and to the benefit and advancement of their Company.

To our Executive Officers, Mr. Timms and Mr. von Dadelszen, I cannot pay too great a tribute. Mr. Timms as Factory Manager has completed over thirty years of faithful service with the Company, whilst Mr. von Dadelszen's association as Secretary extends over a period of twenty-two years. Only those associated closely with the Company's business and affairs can fully appreciate the value of their services.

It is to be regretted that this auspicious occasion is overshadowed by the conflict and horrors of war. On the present trend of national and international affairs it is certain that when this war is over and the process of straightening out begins, the true principles of co-operation will be more generally accepted and understood. In the final issue the war itself will be won or lost on the degree of individual sacrifice we are all prepared to make. I am confident that the application of true democratic principles of co-operative endeavour as between individuals and the nations of the world ranged against the tyrannical aggressors, will bring this terrible conflict to an early and victorious conclusion, and we pray that a lasting peace will reign amongst men and nations of the world so that those who have made the supreme sacrifice will not have died in vain.

(Signed)



Chairman of Directors.

FORMATION OF THE COMPANY

To the Hastings Branch of the Farmers' Union must go the credit of promoting the establishment of the Heretaunga Co-operative Dairy Company, Limited.

It was during the latter part of the year 1891 that the Hastings Farmers' Union gave consideration to the establishment of a Co-operative Dairy Company to serve the needs of the district.

The late Mr. Frederick Cook, who was well known in later years as a very successful orchardist, was at that time Secretary of the Union, and he was requested to make a canvass of the district in order to ascertain what support the project would receive.



FREDERICK COOK.

After spending many days covering the district by means of horse and trap, Mr. Cook reported that supply from two hundred cows would be forthcoming. This was not a very encouraging starting basis on which to found a Company. Measured by our standards of to-day, it meant the supply of nothing more than three or four large herds.

However, with unbounded confidence in the fertility of the Heretaunga Plains and the possibility of future development of dairying in this locality, these sturdy pioneer members of the Union decided to proceed with the Company's formation.

After numerous meetings were held for the purpose of consideration of the Memorandum and Articles of Association, which ultimately were successfully compiled, the Company was duly registered under the Companies Act on

the 8th day of June, 1892, the legal work being carried out by a Mr. Loughnan, who was at that time practising in Hastings.



T. E. CROSSE.

A Board of ten provisional Directors was appointed, consisting of Capt. W. R. Russell (Sir William Russell), C. A. Fitzroy, J. N. Williams, T. E. Crosse, H. Campbell, F. Cook, J. Ebbett, R. Wellwood, W. J. Tyreman and J. R. Jackson. All these original Directors have passed to eternal rest, with the exception of Mr. T. E. Crosse, who must feel intensely proud as in this, the Golden Jubilee year of the Company, he surveys the remarkable growth and expansion of the organisation which fifty years ago he assisted to bring into being on a really modest scale.

Capital and Finance.

The capital of the Company was £2000 in £1 shares, of which the Directors took up £385. Financial arrangements were made with the Bank of New South Wales, the Directors becoming guarantors for £1000, and a start was made by purchasing two acres of land at £50 per acre on the corner of the Havelock and St. George's Roads, situated on the left-hand side as you travel towards Havelock North.

On this site the first factory was built—a small wooden building which was completed on the 2nd day of October, 1892. It was reported in the November issue of the "New Zealand Farmer" that the Hastings Dairy Company's factory had commenced business with every prospect of success.

ORIGINAL DIRECTORS — 1892



T. E. CROSSE.



FREDERICK COOK.



JAMES EBBETT.



J. N. WILLIAMS.



C. A. FITZROY,
Chairman of Directors.



SIR WILLIAM RUSSELL.



R. WELLWOOD.



W. J. TYREMAN.



HUGH CAMPBELL.

A photograph of Mr. J. R. Jackson, who was also an original Director, is not available.

First Officials of the Company

The first Manager to be appointed was the late Mr. Francis Twigg, whilst the late Mr. C. A. Fitzroy was elected first Chairman of Directors. Mr. Fitzroy in addition carried out the duties of Secretary during the early years of the Company's operations, Mr T. E. Crosse acting as Treasurer.



FRANCIS TWIGG.

The first day the factory opened and started up its machinery the total of 35lbs. of butter was manufactured, whilst in this, the Jubilee year, the total manufacture has risen to 1777 tons of butter.

Milk delivered to the factory in those early days was paid for at the rate of 2½d per gallon,

there being no such thing as milk testing for butterfat content. This principle, however, was introduced around about the year 1897. The local storekeepers were paying 4d. per pound for farm-made butter and 7d. for the factory-manufactured product.

The business was carried on successfully until 1897, when a proprietary concern was started at Stortford Lodge by Messrs L. D. Nathan and Stock. For the next four years it became a struggle, as the available supply was not sufficient to maintain two factories on an economic basis.

From the first available Balance Sheet is disclosed the fact that for the year 1900 the Company received for butter £3107/18/11, and paid out to suppliers for butterfat supplied during the season £2682.

By the year 1901 it became practically impossible to carry on successfully with the reduced supply, and negotiations to purchase the opposition concern were satisfactorily completed towards the latter part of that year. The position became so difficult just prior to the purchase that it became necessary for the Company to hold back payment to its suppliers for a period of two months, instead of one, which was the established practice.



FACTORY AND STAFF AT STORTFORD LODGE.

At the time it was taken over from Mr. Scott and Messrs. L. D. Nathan.

Conditions of Purchase from Messrs. L. D. Nathan.

The Company purchased the land, buildings and plant situated on the Company's present site at Stortford Lodge from Messrs. L. D. Nathan for the sum of £3000. To meet this financial obligation the number of guarantors was increased to 25, divided into five groups of five. Each group guaranteed £500, making a total guarantee of £2500.

The capital was increased to 5000 £1 shares, every supplier being compelled to become a shareholder, as the Company deducted one shilling from the price paid for every 80 gallons of milk supplied; when 20/- had accrued a share was allotted.

A condition of the purchase that was imposed on the Company by Messrs. L. D. Nathan was that the whole of the factory's output of butter was to be sold to Nathans for a period of three years at 9d. per pound. This turned out to be an excellent deal from Nathans' point of view, as almost immediately prices for butter locally and overseas rose.

The payment for butterfat as determined by the testing method was now in vogue, ruling prices being about 7½d. per pound, reaching 8d. for the first time in March, 1902. Notwithstanding the low return to farmers as a result of the contract referred to above as against the higher market realisations for butter, suppliers stood loyally to the Company, as also did the guarantors. The business was carried on with little or no profit until the expiration of the contract at the end of 1904. This marked a new era in the Company's history, as, unfettered by restrictive conditions in regard to marketing, it commenced to make progress, and the balance sheet for the year 1906-07 records a supply of 37,865 gallons of milk from which 82 tons of butter was manufactured, total payment to suppliers reaching £5928.

By this period the number of Directors had been increased to thirteen, and Board Meetings were usually held in the Oddfellows' Hall. However, at the Annual Meeting of 1906 a notice of motion to reduce the Directorate to nine was carried unanimously.

Following on the Company assuming control of the premises at Stortford Lodge, this became the main factory for manufacturing purposes, and the original St. George's Road premises were carried on as a skimming station, in addition to which creameries were established at Jervoistown and Whakatu. The latter, however, was closed down after running only a few months.

The Purchase of Creameries at Waipukurau.

On July 1st, 1910, two creameries owned by Mr. Stock at Onga Onga and Lindsay Settlement were acquired by the Company for £525, and the cream was railed to Hastings for manufacture.

The local sales of the Company had so increased that it became necessary at times to purchase butter from outside districts for local requirements, thus the purchase of the creameries at Onga Onga was intended to enlarge the Company's output and so avoid the necessity of purchasing butter to maintain the Company's connections. About this time a small factory was being carried on at Clive by Mr. Simpson, and negotiations to purchase this factory fell through on account of insufficient guarantee from suppliers in this area.

On July 8th, 1911, the Directors decided to erect a creamery at Twyford, and Mr. A. H. Russell (Sir Andrew Russell) very generously donated half an acre of land on which to erect the building. In addition, Mr. Russell guaranteed £70 for a period of two years to compensate for a deficiency in supply of approximately 50 cows, as the project was commenced on an estimated supply from 250 cows whilst only 200 were available.

The total manufacture for the year 1910 was 115 tons, of which 41 tons were exported, the season's average payment to suppliers being 10½d. per pound.



W. A. TIMMS.

Appointment of Mr. Timms as Manager.

On August 11th, 1911, Mr. C. Hall, Factory Manager, tendered his resignation, and from fifteen applicants the Company's present Manager, Mr. W. A. Timms, was

selected and took up his duties on September 18th. The choice has proven in subsequent years' experience a very wise and profitable one for the Company. On Mr. Timms assuming control a good deal of reconstruction of plant and machinery was undertaken at his direction, in spite of the fact that finance was particularly difficult.

By the year 1914-15 the area from which the Company was drawing its supply extended up to fifty miles. In consequence of this it was decided to close down all the creameries and adopt home separation and motor lorry collection of cream. This policy revolutionised the Company's operations and placed it firmly on the path of sound expansion and rendered possible the introduction of dairy farming on a larger scale and in areas hitherto undeveloped.

A perusal of the output for the various years set out in this booklet discloses how rapidly this growth in production took place as a result of home separation following on the cessation of hostilities of the Great War.

Need for Erection of a New Factory.

During the year 1918 it became obvious that the factory plant and general facilities were far too inadequate to deal with the ever-increasing supply. A section of land was purchased in King Street, Hastings, as a site for a new factory. However, a good deal of difference of opinion amongst shareholders

and Directors alike became manifest as to the wisdom of erecting a new factory on this site, so much so that at an extraordinary meeting of shareholders held on March 15th, 1918, a notice of motion to erect a modern factory on the King Street site met with defeat, and a motion of no confidence in the Directors was carried.

This involved a general election, which took place at a further extraordinary meeting held on April 5th, 1918. However, of the old Directors, all were returned with the exception of one. To avoid the necessity of the erection of a new building, it was held by some that the more suitable course to pursue would be to purchase the Waipukurau Factory, which was a new building, and establish it as our central point of manufacture. This proposal was put before an extraordinary meeting on May 10th, 1919, and was very solidly defeated, farmers in this area being obviously reluctant to allow our centre of business to be shifted to another town. At this same meeting, however, the capital of the Company was increased to £15,000.

Decision to Erect the New Factory.

At an extraordinary general meeting held on June 7th, 1919, a notice of motion to proceed with the building of modern premises on the present site at Stortford Lodge was carried, and on May 16th, 1920, Messrs. Hamilton & Willan's tender of £5257 was accepted and the work proceeded with immediately.



THE WAIPUKURAU FACTORY.
Purchased 1st February, 1930.

Appointment of Secretary.

Mr. H. R. von Dadelszen was appointed Secretary of the Company on July 29th, 1921, and carried out valuable reconstruction of office routine to fit the needs of a rapidly expanding business.



H. R. von DADELSZEN.

The 1921-22 season was the last year's operations to be carried on in the old factory building. Its capacity was taxed to the utmost limits to conveniently handle the output of that year, which was 643 tons. The new building now being completed and equipped with modern and up-to-date machinery marked the opening of the 1922-23 manufacturing year and record figures as regards output were established, the total being 906 tons.

In October, 1922, the Company purchased a section at Waipawa and established a depot where one large motor lorry was stationed for

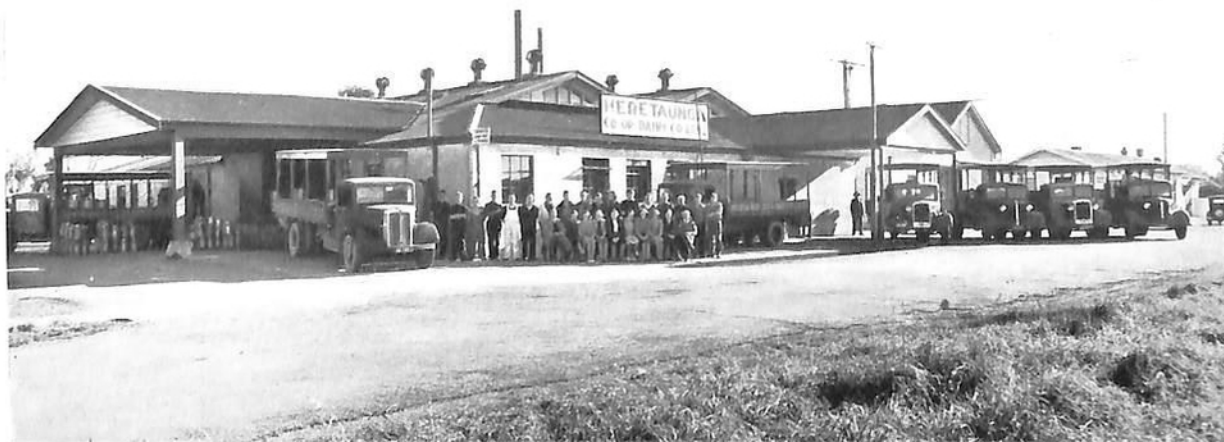
the collection of cream in the southern portion of the district. This substantially increased the Company's supply from the southern end, all of which was railed to Hastings for manufacture. In later years an additional lorry was brought into this service to cope with increasing supply.

Purchase of Waipukurau Factory.

This arrangement carried on until the Company purchased the Waipukurau Co-op. Dairy Co., which was effected on the 1st day of February, 1930. This enabled the Company to close down its Waipawa depot and so centralise its activities in the southern district from the Waipukurau premises. By a system of centralisation of the office work and executive control, together with the elimination of overlapping in motor lorry collection, there was effected an annual saving in actual working overhead amounting to £4350.

Subsequent to this we were faced with extreme slump conditions for a period of three or four years, and it is significant that as the price of butterfat dropped so did the output increase. It would, therefore, appear that farmers, in an endeavour to make up what they had lost by way of reduced prices, set about increasing their production. In consequence of this, in the year 1934 the Company reached the highest manufacture ever recorded of 2563 tons.

A perusal of the payout and manufacture for each year will reveal that as prices improved following upon 1934, so too was there a tendency on the part of the farmers to decrease production and reduce the number of cows milked.



FACTORY AND STAFF, 1942.



HAWKE'S BAY CO-OPERATIVE FARM PRODUCTS, LTD.

Setting Up of the Company's Own Wholesale Business.

The means by which the Company's butter was distributed to the local retailers was per medium of a merchant distributor, Joseph Nathan & Co., Ltd. Prior to this the Company undertook its own distribution to the trade direct, but it was felt that with the introduction of intense merchant competition for the handling of produce, the Company would be better serviced working through a merchant. This system, however, was not without its various shortcomings, and after making various attempts to work along sound lines, the Heretaunga Co-operative Dairy Company, Limited, fostered the promotion of a company to take over the whole of the distribution of its produce from merchant interests.

After negotiations with other butter manufacturing companies throughout the Hawke's Bay provincial district, a company was duly registered under the name of the Hawke's Bay Co-operative Farm Products, Limited, and a building was erected in Plunket Street opposite the factory site, and the whole of the distribution was taken over on behalf of the several companies concerned on the 1st day of September, 1937. The decision has proven a very wise one, and a very successful business has been established, the turnover reaching £183,000 per year. This movement has been watched with interest by other parts of New Zealand and it is pleasing to note that a similar organisation has been established in Palmerston North. In the five years of its working it has definitely proven a practical solution to the problems arising from the sale and distribution of butter as between the point of manufacture and the retail trade.



T. S. PERCIVAL.

The late Mr. T. S. Percival was an original settler of the Mahora Settlement, where he carried on farming up to the time of his death. He was Chairman of Directors from 1906 to 1909.



FREDERICK COOK.

The late Mr. Frederick Cook, well known in later years as a very successful orchardist, was, as Secretary of the Farmers' Union, the original organiser in the project of forming a Company.



A. MASTERS.

The late Mr. Alfred Masters, an old and highly esteemed pioneer in Hastings, who took a keen interest in affairs of the Company and dairying generally, was a Director for a number of years, being Chairman for 1912-1913.

DIRECTORS OF THE COMPANY

FROM RECORDS AVAILABLE

- 1906— Chairman, T. S. Percival.
F. Cook, C. A. Fitzroy, A. Masters,
— McDonald, C. L. Mackersey, J.
Reston, A. Wellwood.
- 1907-1909—Chairman, T. S. Percival.
J. Barry, Fredk. Cook, C. A. Fitzroy,
A. Masters, — McDonald, H. Mc-
Keesick, J. Reston, A. Wellwood.
- 1910— Chairman, Fredk. Cook.
J. Barry, C. A. Fitzroy, A. Masters,
H. McKeesick, T. S. Percival, J.
Reston, S. Skews, A. Wellwood.
- 1911— Chairman, Fredk. Cook.
J. Barry, F. W. Cook, M. Mason, A.
Masters, H. McKeesick, J. Reston,
S. Skews, A. Wellwood.
- 1912— Chairman, A. Masters.
J. Barry, M. Pegley, M. Mason, H.
McKeesick, F. Pimley, J. Reston, S.
Skews, A. Wellwood.
- 1913— Chairman, A. Masters.
J. Barry, M. Begley, M. Mason, H.
McKeesick, F. Pimley, J. Reston,
J. Rowe, S. Skews.
- 1914— Chairman, J. Reston.
J. Barry, M. Begley, M. Mason, A.
Masters, F. Pimley, J. Rowe, S. Skews,
T. Tait.
- 1915-16— Chairman, J. Reston.
J. Barry, M. Begley, H. Honeybun,
A. Masters, F. Pimley, J. Rowe, S.
Skews, T. Tait.
- 1917— Chairman, J. Barry.
M. Pegley, H. Honeybun, A. Masters,
F. Pimley, J. Reston, J. Rowe, S.
Skews, T. Tait.
- 1918— Chairman, J. Barry.
M. Pegley, H. Honeybun, G. C. Lowe,
A. Masters, F. Pimley, J. Reston,
S. Skews, T. Tait.
- 1918— (April 5th) Chairman, F. W. Cook.
M. Begley, H. Honeybun, G. C. Lowe,
A. Masters, F. Pimley, J. Reston,
S. Skews, T. Tait.
- 1919— Chairman, F. W. Cook.
M. Begley, H. Honeybun, G. C. Lowe,
A. Masters, F. Pimley, J. Reston,
S. Skews, T. Tait.
- 1920— Chairman, F. W. Cook.
J. Barry, M. Begley, W. Boyd, G.
Cossar, H. Honeybun, G. C. Lowe.
- 1921-1922—Chairman, F. W. Cook.
W. Boyd, Fredk. Cook, L. Cooper,
G. Cossar, H. Honeybun, G. C. Lowe.
- 1923-1924—Chairman, G. C. Lowe.
D. G. Begley, W. B. Campbell, L.
Cooper, G. Cossar, H. Honeybun, C.
Lassen.
- 1925-1926—Chairman, G. C. Lowe.
D. G. Begley, W. B. Campbell, G.
Cossar, H. Honeybun, C. Lassen, Chas.
Rosser.
- 1927— Chairman, G. C. Lowe.
D. G. Begley, W. B. Campbell, C.
Lassen, A. L. Malcolm, A. E. Morgan,
Chas. Rosser.
- 1928-1929—Chairman, G. C. Lowe.
D. G. Begley, H. H. Burns, W. B.
Campbell, A. L. Malcolm, A. E. Mor-
gan, Chas. Rosser.
- 1930-1936—Chairman, D. G. Begley.
H. H. Burns, W. B. Campbell, G. C.
Lowe, A. L. Malcolm, A. E. Morgan,
Chas. Rosser.
- 1937— Chairman, D. G. Begley.
R. S. Allan, H. H. Burns, W. B. Camp-
bell, A. L. Malcolm, A. E. Morgan,
C. L. Rosser.
- 1938-1939—Chairman, D. G. Begley.
R. S. Allan, H. H. Burns, W. B. Camp-
bell, A. L. Malcolm, H. J. McKeesick,
C. L. Rosser.
- 1940-1942—Chairman, D. G. Begley.
H. H. Burns, W. B. Campbell, A. L.
Malcolm, H. J. McKeesick, J. McCor-
mick, C. L. Rosser.

The Success of Co-operative Endeavour

The wonderful growth and expansion of our Company and its present-day solidity is only symbolic of hundreds of other Dairy Companies throughout New Zealand, all of which form important units of our great industry and as such play a most important part in the economic life of New Zealand.

The important point for individual producers to realise is that all this could only have been achieved under the true principles of co-operative endeavour within the basic fundamentals of which the welfare rights and financial returns of the members are protected in a manner that is not even contemplated under any other system. Unfortunately, the average dairy farmer has very restricted opportunities of becoming acquainted with the importance and full extent to which co-operative enterprise is to-day serving his interests within the industry.

Let Us Examine a Few.

There is the National Dairy Association, which, as its name implies, is a trading organisation incorporated with all dairy factories as its members. Business branches are established at Auckland, New Plymouth, Hawera and Wellington. This organisation attends to the importing of all necessary materials required by its factory members for manufacturing purposes, thus ensuring that such requirements will at all times be available to its members at the lowest possible price, and any profits arising from such trading activities are returned to the industry.

Dairy Producers' Co-op. Freezing Co.

The whole of the dairy produce shipped through the Port of Wellington is handled by the industry's own cool store. A magnificent three-storey building stands on the waterfront as a monument to the sound judgment and foresight on the part of the industry's leaders in providing this necessary and important service on a most efficient scale. Thus our produce is cared for from farm-gate to ship's-hold by our own co-operative enterprise.

The N.Z. Rennet Company.

The rennet required for the manufacture of cheese was at one time imported from England, the cost landed in New Zealand being approximately £19 per keg, and during the last war period the price rose to the vicinity of £30. Realising that this requirement could and should be manufactured within New Zealand, steps were taken and a company duly formed, with a result that to-day the

whole of New Zealand's rennet requirements are supplied by this company. The quality of the article is equal to the best that was ever imported, at less than one-third of the cost obtaining hitherto.

N.Z. Co-op. Pig Marketing Assn.

Another very important co-operative organisation allied to the dairy industry and performing a great service is the New Zealand Co-operative Pig Marketing Association. The benefits obtained for producers by the sterling work of this organisation and its many subsidiaries operating throughout New Zealand in the field of marketing and processing our pigs and bobby calves can never be fully or adequately assessed. It is continuously alert to the protection of the farmer's interests and at every point secures the maximum return for the primary produce that comes within the scope of the organisation. This association merits the undivided support of every dairy farmer in New Zealand.

Dairy Industry Insurance.

In more recent years the industry has with very beneficial results turned its attention to the field of insurance, and by setting up its own co-operative agency saves many thousands of pounds annually on the insurance account of our factories and plants throughout the country. It is perhaps not fully realised by farmers that this saving is also available to them on every insurable asset they possess. Every producer should realise the great strength he can render to this co-operative undertaking by his individual support, and as a result enjoy an immediate reduction in his own insurance costs. If you have not already availed yourself of these savings, you should obtain full particulars from any Dairy Company Secretary.

Co-operative Principles And Their Practical Application.

In times like these it is a great comfort to have a job of work to do to which in its scope for physical and mental application there is practically no limit. Such a job may be found in any practical form of co-operative activity.

Life and its problems are to-day so complicated and obscure that it seems almost futile to speculate as to where it is all leading us, but out of the maze of the present conflict of thought and opinion only one thing stands out clearly, and this is that for every problem the future may have in store for us, the practical and efficient application of the principle of co-operation presents the most direct and complete solution.

On the present trend of national and international affairs it is certain that when this war is over and the process of straightening out begins, co-operation as we use the term and practice it will be more generally and willingly accepted. This must be regarded as a logical supposition, because in the final issue the war itself will be won or lost on the degree of individual sacrifice for the benefit of all. It is because of this broad conviction that we can be confident that the Union Jack will survive all other flags which are to-day an emblem of opposition to British democratic principles. History has proved that when all of the material things of life have been counted and squared off one with the other, there is still that indefinable something which in a crisis characterises the British Empire and those people who are fortunate enough to occupy its vast spaces, that gets us there in the end, and the present conflict which involves the whole world will prove no exception.

Let us, therefore, prepare ourselves for what may be called the straightening process. Let us give a lead in our particular field of endeavour. Set an example to the other chap. If you believe in co-operation, practise it. Don't worry about the other fellow. No worthwhile objective has ever been achieved by waiting till everyone was in step. The structure of your co-operative institutions is only as strong as the support you give them, and in the years that lie ahead, if for no other reason than self-protection, no effort should be spared to reinforce their foundations so that when strength is needed in the inevitable post-war economic adjustments affecting your particular interest, they will not be lacking in their material substance and unanimity of purpose in defending your rights and privileges.

Governments will come and go, but when you get right down to hard facts, who but the farmer himself, individually and collectively, can, under any circumstances, best safeguard and improve his own conditions?

In the welter of confusion into which the world is plunging deeper every day the co-operative movement may stand as the symbol of what Western civilisation has most cherished and what the Allies have been fighting for.

Always Stood for Peace.

The co-operative movement has always stood for peace, for human rights and human values, for justice, equity, freedom, and the brotherhood of man. It represents the efforts of millions of men and women of all ages, nationalities and creeds to point the way in an eminently practical manner to the achievement of an ideal of social and economic justice and an international order of peace, goodwill

and mutuality, and because that is the foundation of its social philosophy the co-operative movement inevitably clashed with the policy of Fascism and Nazism.

Wherever Germany has established Nazi control it may confidently be assumed that co-operation as understood in Western civilisation has been transformed as it has been transformed in Germany, and no longer exists as a free association, democratically organised and controlled, for there is in Nazism and in Fascism no recognition of democratic forms of organisation, nor any recognition of internationalism outside of State policy.

It is true that in both Germany and Italy so-called co-operatives exist, but it is far from true to say that because they exist, therefore they function as before. These so-called co-operatives are controlled by the Nazi Party in Germany and the Fascisti in Italy, and they function not for their members, but as part of the machinery of the State. They are, strictly speaking, organisations operating in a collective manner to carry out State policies; the benefit of the individual is of minor importance compared with the promotion of the interests of the State.

This war has prompted much to be said about the social and economic reforms of the future, so it is opportune to here voice the opinion that co-operative principles intelligently applied to future world policy would provide a basis for permanent peace and help to ensure that co-operation and mutual respect and not competition and hate, shall be the binding link between nations and their future international relationships. Let us hope that co-operators will work to this end. It is a duty upon us all to bring our co-operative principles to the notice of an ever-widening circle so that when this war is won they may play a vital part in the post-war reconstruction of our social and economic problems.

Can You Assist?

In the compilation of the history of our Company over such a lengthy period some difficulty was experienced in securing photographs relating to its early days. It is to be regretted that no photo of the St. George's Road Factory was available. If, however, any supplier or shareholder should happen to have in their family album any photograph or snap of this building, the Directors would be pleased if they would make same available from which an enlargement might be taken. Likewise, any information regarding the relatives of Mr. J. R. Jackson might assist in completing a full photographic record of the original Directors of the Company.

SOME INTERESTING STATISTICS

| | Paid-up Capital of Company | Output Tons | Payment per lb. Butterfat | | Paid-up Capital of Company | Output Tons | Payment per lb. Butterfat |
|------|-------------------------------|----------------|------------------------------|------|-------------------------------|----------------|------------------------------|
| 1909 | 3,268 | 78 | 10½d. | 1926 | 12,970 | 948 | 20 d. |
| 1910 | 3,600 | 115 | 11½d. | 1927 | 13,090 | 952 | 16 d. |
| 1911 | 3,720 | 121 | 11½d. | 1928 | 13,785 | 1,237 | 18½d. |
| 1912 | 3,810 | 130 | 11½d. | 1929 | 14,890 | 1,400 | 18¾d. |
| 1913 | 4,134 | 145 | 11¾d. | 1930 | 16,884 | 1,511 | 15 d. |
| 1914 | 4,282 | 162 | 12 d. | 1931 | 18,734 | 1,619 | 11½d. |
| 1915 | 4,340 | 153 | 14 d. | 1932 | 21,233 | 2,101 | 10¾d. |
| 1916 | 4,341 | 186 | 15¾d. | 1933 | 24,755 | 2,377 | 8¾d. |
| 1917 | 4,341 | 290 | 19½d. | 1934 | 27,384 | 2,536 | 8¾d. |
| 1918 | 4,341 | 370 | 19 d. | 1935 | 27,990 | 2,270 | 9½d. |
| 1919 | 4,347 | 427 | 18¾d. | 1936 | 29,178 | 2,493 | 12½d. |
| 1920 | 5,047 | 413 | 21 d. | 1937 | 29,762 | 2,262 | 12 d. |
| 1921 | 5,795 | 430 | 30½d. | 1938 | 29,240 | 1,964 | 16¾d. |
| 1922 | 7,136 | 643 | 13¼d. | 1939 | 29,039 | 1,640 | 15¾d. |
| 1923 | 9,313 | 906 | 18¾d. | 1940 | 28,365 | 1,690 | 15¾d. |
| 1924 | 11,640 | 966 | 19¾d. | 1941 | 28,273 | 1,811 | 16 d. |
| 1925 | 12,513 | 1,114 | 19 d. | 1942 | 27,559 | 1,777 | 15½d. |

FIGURES SHOWING THE VALUES OF EXPORTS FROM NEW ZEALAND OF BOTH BUTTER AND CHEESE SINCE 1867.

| | | | | | |
|-------------------------------|-----|------------|--------------------------|--------------------|--------------|
| Total 4 years 1867—1870 | ... | £47,358 | Total 10 years 1901—1910 | ... | £17,841,115 |
| .. 10 .. 1871—1880 | ... | £123,995 | .. 10 .. 1911—1920 | ... | £36,534,027 |
| .. 10 .. 1881—1890 | ... | £1,237,013 | .. 10 .. 1921—1930 | ... | £167,408,298 |
| .. 10 .. 1891—1900 | ... | £4,525,920 | .. 10 .. 1931—1940 | ... | £185,672,668 |
| Total for 1 year, 1941 | | | ... | £27,245,124 | |

IMPORTANT

In the past two seasons dairy farmers throughout New Zealand have been requested to supply information as to the number of cows milked by them on the 15th day of January. Farmers will recall that this information was to be written on tags attached to the cream cans on that particular day. So that farmers may be fully acquainted with the purpose for which this data is required and the importance

of every producer supplying it on the 15th day of January of each or any year when requested to do so, we set out hereunder a copy of circular to the industry from the New Zealand Dairy Board. We trust that this will clarify the position and ensure the fullest measure of co-operation from our suppliers on any future occasion.

CIRCULAR FROM NEW ZEALAND DAIRY BOARD.

ASSESSMENT OF EFFECTIVE AVERAGE PRODUCTION PER COW.

The importance of securing completely representative data on the effective average production per cow for the Dominion is such that the Dairy Board is making a special appeal to all Dairy Companies to co-operate in supplying this data again for the 1941-42 season. The Board fully appreciates the difficulties under which most Dairy Company secretaries are now working, but they also feel that it is in the interests of the industry, both from the point of view of efficiency of production and the definition of the true effective average production per cow for the Dominion, to co-operate in completing the second year's returns on a basis equal to the excellent response made by the industry in the 1940-41 season.

The dairy industry can reach its fullest and best development under its own control, but to do so must be fully conversant with its

own problems and be well organised to meet all possible situations. In the post-war years production will have to be on a higher basis of efficiency than ever before, and to that end the collection of information on the efficiency of per cow production for all factories and districts throughout New Zealand is one of the essential first steps.

Further, the industry should keep in mind the fact that **standards of per cow production and production costs are vital in any future presentation of the industry's case for a revision of prices.** Such standards must be backed up by fully representative data from the industry as a whole—lack of this has in some measure been a weakness in the past, but if all Dairy Companies and dairy farmers give us their full co-operation, complete representative data will be our strength in the future.

WE ASK FOR YOUR CO-OPERATION

The Heretaunga Co-operative Dairy Company, Ltd.

Registered Office : Plunket Street, Hastings

Nominal Capital, £75,000 in Shares of £1 each

Directors :

D. G. BEGLEY (Chairman)

H. H. BURNS

W. B. CAMPBELL

A. L. MALCOLM

JAMES McCORMICK

H. J. McKEESICK

CLAUDE L. ROSSER

Factory Manager :

W. A. TIMS

Secretary :

H. R. v DADELSZEN

Bankers :

BANK OF NEW ZEALAND

Auditors :

FRASER & CORBIN (Public Accountants)

NOTICE OF MEETING

Notice is hereby given that the **FIFTIETH ANNUAL GENERAL MEETING** of Shareholders of the Heretaunga Co-operative Dairy Company, Limited, will be held in the

ASSEMBLY HALL, HERETAUNGA STREET, HASTINGS, on

SATURDAY, 25th. JULY, 1942, at 11 a.m.

BUSINESS :

1. To Receive Annual Report and Balance Sheet.
2. To Elect Auditor.
3. General.

By Order of the Board,

H. R. v DADELSZEN,
Secretary.

S T A T I S T I C S

| GENERAL | Previous Year 1941 | Current Year 1942 |
|--|---------------------------------|--------------------------------|
| Payout previous year per pound Butterfat (season average) | 15.912d | |
| Payout current year per pound Butterfat (advance) | | 13.274d |
| Payout current year per pound Butterfat (estimated surplus) | | 2.329d |
| Number of Suppliers | 1,895 | 1,774 |
| Pounds of Cream received | 8,416,299 | 8,226,721 |
| Pounds of Butterfat from Cream | 3,305,539 | 3,271,114 |
| Average Butterfat Test of Cream | 39.275 | 39.762 |
| Total Charges, including Repairs and Depreciation, up to f.o.b. at per pound Butterfat | 2.627d | 2.808d |

B U T T E R - M A K I N G

| | | |
|---|-----------|-----------|
| Pounds of Cream | 8,416,299 | 8,226,721 |
| Pounds of Butterfat Cream | 3,305,539 | 3,271,114 |
| Average Butterfat Tests—Cream | 39.275 | 39.762 |
| Total Pounds Butterfat used in Creamery Butter-making | 3,296,059 | 3,263,534 |
| Pounds of Creamery Butter made | 4,056,708 | 3,981,571 |
| Over-run Creamery Butter made | 23.07 | 22.000 |
| Average Grade of Butter | 93.728 | 93.611 |
| Cream Grade Percentages— | | |
| Finest | 61.520% | 60.124% |
| First | 36.982% | 38.754% |
| Second | 1.498% | 1.122% |

S A L E S O F W H O L E C R E A M

| | | |
|--|-------|-------|
| Pounds Butterfat in Cream sold | 9,480 | 7,580 |
|--|-------|-------|

CREAM MANUFACTURING AND MARKETING ACCOUNT

For Period 1st June, 1941, to 31st May, 1942.

| Cost to f.o.b. per pound Butterfat | | | | | | | | | |
|---|-------|----|----|----------|----|----|----------------------|----|----|
| 13.274d. | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| To Advance to Suppliers ... | | | | 180.921 | 8 | 11 | By Sales and Stocks— | | |
| .. Cream Collection ... | 8,504 | 7 | 1 | | | | | | |
| Less Amount Recovered from Suppliers ... | 143 | 4 | 9 | | | | 185.308 | 11 | 4 |
| ----- .613d. | | | | 8.361 | 2 | 4 | | | |
| .. Manufacturing Charges— | | | | | | | | | |
| .431d. Wages ... | 5,874 | 3 | 1 | | | | | | |
| .651d. Materials ... | 8,875 | 9 | 0 | | | | | | |
| .093d. Fuel ... | 1,266 | 16 | 7 | | | | | | |
| .025d. Power ... | 351 | 13 | 7 | | | | | | |
| .004d. Sundry Charges ... | 52 | 13 | 0 | | | | | | |
| ----- 1.204d. | | | | 16.420 | 15 | 3 | | | |
| .137d. .. Depreciation ... | | | | 1.870 | 10 | 0 | | | |
| .025d. .. Repairs and Maintenance .. | | | | 345 | 10 | 1 | | | |
| .. Charges, Factory to F.O.B. (including distribution on produce sold locally)— | | | | | | | | | |
| .047d. Cartage and Railage ... | 637 | 17 | 1 | | | | | | |
| .362d. Freezing and Storage ... | 4,941 | 13 | 8 | | | | | | |
| .016d. Grading ... | 221 | 17 | 7 | | | | | | |
| .024d. Dairy Board Levy ... | 331 | 10 | 9 | | | | | | |
| .001d. Sundry Charges ... | 6 | 13 | 6 | | | | | | |
| ----- .450d. | | | | 6.139 | 12 | 7 | | | |
| .. Overhead Charges— | | | | | | | | | |
| Administration and Office Expenses ... | 2,677 | 5 | 10 | | | | | | |
| .019d. Fire Insurance and Rates | 251 | 17 | 9 | | | | | | |
| Insurance Dairy Produce to F.O.B. ... | 132 | 18 | 9 | | | | | | |
| .009d. Audit Fee ... | 131 | 5 | 0 | | | | | | |
| .032d. Farm Dairy Instruction | 443 | 11 | 0 | | | | | | |
| .027d. Directors' Fees and Exps. | 361 | 2 | 1 | | | | | | |
| .071d. Sundry Charges ... | 964 | 13 | 7 | | | | | | |
| ----- .364d. | | | | 4.962 | 14 | 0 | | | |
| Total cost to Company per lb. to f.o.b. | | | | 31.383 | 5 | 11 | | | |
| 2.793d. | | | | | | | | | |
| Add Cream cartage costs individually .015d. | | | | £250.404 | 19 | 1 | | | |
| | | | | | | | £250.404 | 19 | 1 |
| Total cost per pound Butterfat from farm to f.o.b. | | | | | | | | | |
| 2.808d. | | | | | | | | | |

APPROPRIATION ACCOUNT for Period 1st June, 1941, to 31st May, 1942.

| | £ | s. | d. | | £ | s. | d. |
|---|---------|----|----|--|---------|----|----|
| To Final Payment 1941 Season ... | 36.341 | 19 | 6 | By Balance 1941 ... | 36.995 | 13 | 2 |
| .. Reserve Account ... | 400 | 0 | 0 | .. Surplus on Realisations ... | 461 | 8 | 10 |
| .. Income Tax and Land Tax ... | 112 | 3 | 8 | | | | |
| .. Social and National Security Tax ... | 67 | 7 | 4 | | £37.457 | 2 | 0 |
| .. Balance Carried Down ... | 535 | 11 | 6 | | | | |
| | £37.457 | 2 | 0 | .. Balance Brought Forward ... | 535 | 11 | 6 |
| .. Balance Available for Distribution ... | 31.918 | 17 | 5 | .. Balance from Manufacturing and Mar- keting Account ... | 31.383 | 5 | 11 |
| | £31.918 | 17 | 5 | | £31.918 | 17 | 5 |

Balance Sheet of The Heretaunga Co-operative Dairy Company, Limited, as at 31st May, 1942.

| LIABILITIES. | | | |
|---|------------|--------|--------------|
| Neminal Capital (75,000 £1 Shares) | | 75,000 | 0 0 |
| Less Unallotted | | 46,231 | 0 0 |
| | | ----- | |
| | | 28,769 | 0 0 |
| Less Unpaid | | 1,210 | 1 2 |
| Less Surrendered | | | |
| Paid-up Capital | | ----- | 27,558 18 10 |
| Reserves | | | 8,275 11 7 |
| Sundry Creditors | | | 2,855 12 0 |
| Amount due to Suppliers (including amount for last month's supply) | | | 6,868 6 8 |
| Appropriation Account | | | 31,918 17 5 |
| | | | ----- |
| | | | £77,477 6 6 |
| | | | ----- |
| CONTINGENT LIABILITIES. | | | |
| Uncalled Capital on 783 Shares in the National Dairy Association of New Zealand, Limited | 65 10 4 | | |
| Uncalled Capital on 2,357 Shares in Hawke's Bay Co-operative Farm Products, Limited | 1,767 15 0 | | |
| Guaranteed on Account of Suppliers | 800 0 0 | | |
| | ----- | | |
| | £2,633 5 4 | | |
| | | | ----- |

| ASSETS. | | | |
|---|--|--------|-------------|
| Fixed Assets (as per schedule at cost, less depreciation)— | | | |
| Land | | 1,798 | 6 8 |
| Buildings | | 7,764 | 10 8 |
| Plant | | 8,476 | 15 8 |
| Motor Trucks, etc. | | 1,780 | 17 3 |
| | | ----- | 19,820 10 3 |
| Loans to Government— | | | |
| Free of Interest Loan to Government | | 3,690 | 0 0 |
| Government War Loan, 1953 | | 310 | 0 0 |
| | | ----- | 4,000 0 0 |
| Shares in other Companies at Cost— | | | |
| National Dairy Association of N.Z., Ltd. (90 Vendor Shares of £1 each fully paid) | | 90 | 0 0 |
| National Dairy Association of N.Z., Ltd. (783 Shares of £1 each paid up to 18/3.9d. per Share) | | 717 | 9 8 |
| Dominion Producers Co-operative Agency, Ltd. (4 Shares of £1 fully paid) | | 4 | 0 0 |
| Hawke's Bay Co-operative Farm Products, Ltd. (2357 Shares of £1 each paid up to 5/- per Share) | | 589 | 5 0 |
| Dairy Industry Insurance Agency, Ltd. (373 Shares of £1 each fully paid) | | 373 | 0 0 |
| (58 Shares of £1 each purchased from the Waipu Co-op. Dairy Co. at 5/- per Share) | | 14 | 10 0 |
| | | ----- | 1,788 4 8 |
| Floating Assets— | | | |
| Sundry Debtors | | 24,021 | 14 11 |
| Loan to Suppliers | | 7,901 | 11 5 |
| | | ----- | 31,923 6 4 |
| Stocks— | | | |
| Butter | | 8,611 | 8 2 |
| Requisites of Manufacture | | 2,552 | 11 11 |
| General | | 681 | 10 5 |
| | | ----- | 11,845 10 6 |
| Bank of New Zealand | | 8,099 | 14 9 |
| | | ----- | £77,477 6 6 |
| | | | ----- |

D. G. BEGLEY, Chairman of Directors.
H. H. BURNS, Director.

H. R. v DADELSZEN, Secretary.

AUDITORS REPORT TO MEMBERS OF THE

We have examined the Books and Accounts of the Heretaunga Co-operative Dairy Company, Limited, for the 12 months ended 31st May, 1942, and in accordance with the provisions of the Companies Act, 1933, report that we have obtained all information and explanations required by us.

We report to Shareholders that in our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the Company's affairs according to the best of our information, and the explanations given to us, and as shown by the Books of the Company.

In accordance with the provisions of the Dairy Industry Amendment Act, 1922, we certify (a) that the weight of Butter made from each pound of Butterfat used for the manufacture of Butter during the 12 months ended 31st May, 1942, was 1.2200; (b) that the percentage which the unsalted Butter bears to the total weight of Butter manufactured during the 12 months ended 31st May, 1942, was Nil.

HERETAUNGA CO-OPERATIVE DAIRY CO. LTD.

In accordance with the provisions of Section 3 of the Dairy Industry Accounts Regulations, 1939, we certify that for the 12 months ended 31st May, 1942:—

- (a) The information and particulars contained in the Directors' Report relating to the payout to Suppliers of the Company and the valuation of unsold dairy produce have been prepared and compiled in accordance with the directions set out in the form numbered (1) in the schedule to the Dairy Industry Accounts Regulations, 1939.
- (b) The itemised cost per pound of Butterfat, and the total costs to f.o.b. per pound of Butterfat as shown in the Manufacturing and Marketing Account are correctly stated.
- (c) The Directors' Report, Balance Sheet, Manufacturing and Marketing Account, Appropriation Account, and Statement of Statistics have been prepared and compiled in accordance with these regulations.

HASTINGS,
7th July, 1942.

FRASER & CORBIN,
Public Accountants,
Auditors.

SCHEDULE OF LAND, BUILDINGS AND PLANT AS AT 31st MAY, 1942.

| Particulars | Balance as per last | | Additions | Total | | Depreciation | Balance as per | |
|-----------------------------------|------------------------|---------|-----------|---------|---------|--------------|-------------------|---------------|
| | Balance Sheet | £ s. d. | | £ s. d. | £ s. d. | | £ s. d. | Balance Sheet |
| LAND— | | | | | | | | |
| Clive | 400 | 0 0 | | 400 | 0 0 | | 400 | 0 0 |
| Heretaunga | 538 | 2 9 | | 538 | 2 9 | | 538 | 2 9 |
| Greys Road | 250 | 0 0 | | 250 | 0 0 | | 250 | 0 0 |
| Waipawa | 154 | 3 11 | | 154 | 3 11 | | 154 | 3 11 |
| Waipukurau | 456 | 0 0 | | 456 | 0 0 | | 456 | 0 0 |
| | 1,798 | 6 8 | | 1,798 | 6 8 | | 1,798 | 6 8 |
| BUILDINGS— | | | | | | | | |
| Clive | 205 | 0 0 | | 205 | 0 0 | 40 0 0 | 165 | 0 0 |
| Heretaunga | 5,690 | 10 8 | | 5,690 | 10 8 | 316 10 0 | 5,374 | 0 8 |
| Greys Road | 130 | 10 0 | | 130 | 10 0 | | 130 | 10 0 |
| Waipawa | 100 | 0 0 | | 100 | 0 0 | | 100 | 0 0 |
| Waipukurau | 2,200 | 0 0 | | 2,200 | 0 0 | 205 0 0 | 1,995 | 0 0 |
| | 8,326 | 0 8 | | 8,326 | 0 8 | 561 10 0 | 7,764 | 10 8 |
| PLANT— | | | | | | | | |
| Heretaunga and Waipukurau ... | 10,258 | 7 2 | 19 10 0 | 10,277 | 17 2 | 1,105 0 0 | 9,172 | 17 2 |
| Cream Cans | 127 | 2 7 | 47 16 3 | 174 | 18 10 | 58 0 0 | 116 | 18 10 |
| Cream Cans—Waipukurau ... | 55 | 14 2 | | 55 | 14 2 | 18 0 0 | 37 | 14 2 |
| | 10,441 | 3 11 | 67 6 3 | 10,508 | 10 2 | 1,181 0 0 | 9,327 | 10 2 |
| | | | | | | Less sold | 850 | 14 6 |
| | | | | | | | 8,476 | 15 8 |
| MISCELLANEOUS— | | | | | | | | |
| Furniture and Fittings | 981 | 14 7 | | 981 | 14 7 | 123 0 0 | 858 | 14 7 |
| Furniture and Fittings—Waipukurau | 25 | 0 0 | | 25 | 0 0 | 5 0 0 | 20 | 0 0 |
| Motor Trucks and Car | 1,039 | 12 8 | | 1,039 | 12 8 | 137 10 0 | 902 | 2 8 |
| | 2,046 | 7 3 | | 2,046 | 7 3 | 265 10 0 | 1,780 | 17 3 |

ANNUAL REPORT

YOUR DIRECTORS herewith submit to you the FIFTIETH ANNUAL REPORT, BALANCE SHEET AND STATEMENT OF ACCOUNTS.

The particulars contained in same are set out in accordance with the Government Dairy Industry Regulations, 1939.

Partly due to the unseasonable weather which prevailed during November, December and January, and partly due to some of our suppliers' milk being transferred to the Waiohiki Dairy Co. Ltd. for cheese-making, our Butter output for the past season shows a drop of $33\frac{1}{2}$ tons, the make being $1,777\frac{1}{2}$ tons compared with 1,811 tons for the 1940-1941 season.

Since 1st August, 1938, a guaranteed price of 14.89d. per lb. has been paid by the Government for butter. The Primary Products Marketing Department paying this price for butter grading 93 to $93\frac{1}{2}$ points, with variations in payments above and below this grading, and also for unsalted butter.

The valuation of unsold butter at 31st May, 1942, was taken on the above basis for both export and local trade butter.

For the coming season the guaranteed price for butter has been increased by $\frac{1}{2}$ d. per lb., and it is estimated that this will make an increase in payment for Butterfat of .61d. per lb.

The Appropriation Account shows a surplus of £31,918, which the Directors recommend be distributed as follows:—

That the Deferred payment be $2\frac{7}{16}$ d. to Shareholders who supplied over 300lbs. of Butterfat.
That the Deferred payment be $\frac{1}{2}$ d. to Shareholders who supplied under 300lbs. of Butterfat.
That the Deferred payment be $1\frac{15}{16}$ d. to Non-Shareholders who supplied over 300lbs. of Butterfat.
That no Dividend be paid on Share Capital.

The Deferred payments will be paid over twelve months, and the usual deductions will be made for shares held by "B" Shareholders who do not hold their quota.

The payments recommended above will absorb some £31,750 standing to the credit of the Appropriation Account, leaving £168 to provide for Income, Social Security and National Security Taxes.

For the twelve months to 31st May, 1941, the estimated payment to Shareholders over all grades of Cream was 16.011d. per lb. Butterfat, and on payments made on realisations, this was sustained.

For the current season payment for Butterfat over all grades of Cream has been 13.274d., and with the Deferred payments recommended above, the payment for the season will be 15.603d. over all grades of Cream. The average payment to Shareholders on the same basis will be 15.711d., and for Finest grade Cream 15.829d.

The total amount of Cream cartage incurred by suppliers individually is £143/4/9, which represents .015d. per lb. on the total number of pounds of Butterfat received by the Company in Cream from all sources.

The Directors again remind suppliers that the Company is a member of the Dairy Industry Insurance Agency, Ltd., which does its insurance with Lloyds, London. Through this Agency, Fire, Farmers' Personal Accident and Sickness, and other insurances are available to suppliers at very competitive rates. In the Dairy Industry Insurance Agency there are 80 Dairy Company members, and as a co-operative movement suppliers should give it their fullest support. You are recommended to apply to the Secretary for full particulars.

The Company, also with many other Dairy Companies, is agent for the Dominion Life Assurance Office of New Zealand, Ltd., and is therefore also in the position to effect very satisfactory Life Insurance.

During the twelve months the Directors have held twelve Ordinary Meetings and three Special Meetings.

The retiring Directors this year are Messrs. D. G. Begley and H. J. McKeesick, and there being no further nominations, these gentlemen are declared duly elected.

The Company's Auditors, Messrs. Fraser & Corbin, offer themselves for re-election.

In compliance with Section 131 of the Companies Act, 1933, your Directors report that they consider the Company's affairs to be in a very sound condition. Ample provision has been made for depreciation of Assets, which have been well written down over a period of years, and the Directors consider the actual value to be well in excess of the Balance Sheet value.

For the Board of Directors,

D. G. BEGLEY, Chairman.

H. R. v DADELSZEN, Secretary.